UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

94-1454

FRED L. PIRKLE and THERM-OMEGA-TECH, INC.,
Plaintiffs-Appellants,

v.

OGONTZ CONTROLS COMPANY and THOMAS M. KENNY,
Defendants-Appellees.

JUDGMENT

On Appeal from the United States District Court for the Eastern District of Pennsylvania in Civil Action Nos. 86-3374 and 90-2430

This CAUSE having been heard and considered, it is ORDERED and ADJUDGED: AFFIRMED. *See* Fed. Cir. R. 36.

Per Curiam (NEWMAN, *Circuit Judge,* SKELTON, *Senior Circuit Judge,* and RADER, *Circuit Judge*).

ENTERED BY ORDER OF THE COURT

/s/ Francis X. Gindhart
FRANCIS X. GINDHART
Clerk

Dated April 6, 1995

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action Nos. 86-3374 and 90-2430

FRED L. PIRKLE and THERM-OMEGA-TECH, INC.

v.

OGONTZ CONTROLS COMPANY and THOMAS M. KENNY

ORDER

In an Order dated February 4, 1994, this Court reserved its decision on the issue presented by Plaintiffs that retrial of the infringement issues compel a retrial of the "inextricably intertwined" issues of invalidity pending an opportunity for counsel to be heard in oral argument. The Court has heard oral arguments and upon consideration of written and oral arguments in support and in opposition, IT IS ORDERED that the position taken by Plaintiff considered as a motion is DENIED.

IT IS SO ORDERED this 24th day of March, 1994.

BY THE COURT:

/s/ Clifford Scott Green
CLIFFORD SCOTT GREEN, S.J.

ENTERED: 3-25-94

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action Nos. 86-3374 and 90-2430

FRED L. PIRKLE and THERM-OMEGA-TECH, INC.

v.

OGONTZ CONTROLS COMPANY and THOMAS M. KENNY

CIVIL JUDGMENT

AND NOW, this 18th day of May, 1994, in accordance with the prior orders of this Court and the verdicts of the juries upon jury interrogatories, it is hereby ORDERED and DECREED that judgment is and shall be entered as follows:

1. Judgment is entered in favor of defendants Ogontz Corporation and Thomas Kenny on all Counts of the Plaintiffs' Complaints in Civil Action Nos. 86-3374 and 90-2430.

2. Judgment in the total amount of $216,846.00 ($191,775.00 plus $25,071.00 prejudgment interest) composed of damage awards plus interests as more particularly set forth in 2a-2j, is entered in favor of Counterclaim Ogontz Corporation on the Counterclaim in Civil Action No. 86-3374, as follows:

a. Ogontz Corporation is hereby declared to be, and to always have been, the sole and exclusive owner of United States Patents Nos. 4,438,777 (the "'777 patent"); 4,460,007 (the "'007 patent"); and Pirkle's marketing of the "MV-1" valve is hereby declared to have infringed the "007 patents';

b. Judgment is entered against Pirkle and Therm-Omega-Tech, Inc., jointly and severally, in the amount of $51,101.00 ($40,573.00 plus $10,528.00 prejudgment interest), for the manufacture and sale of the original "PAK" TYPE Guru Plug which infringes claims 4, 9 and 10 of the '007 patent ($14,834.00 sales plus $6,611.00 prejudgment interest for sales prior to May 10, 1990, and $25,739.00 plus $3,917.00 prejudgment interest for sales after May 10, 1990);

c. Judgment in the amount of $88,792.00 ($85,820.00 plus $2,972.00 prejudgment interest) is entered against Pirkle and Therm-Omega-Tech, Inc., jointly and severally, for their manufacture and sale of the "4H" PAK type Guru Plug which infringes claims 4, 9 and 10 of the '007 patent;

d. Judgment in the amount of $35,011.00 ($34,682.00 plus $329.00 prejudgment interest) is entered against Pirkle and Therm-Omega-Tech, Inc., jointly and severally, for their manufacture and sale of the "4H-R" cartridge version of the Guru plug which infringes claims 4, 9 and 10 of the '007 patent;

e. Judgment in the amount of $21,624.00 ($21,370 plus $254.00 prejudgment interest) is entered against Pirkle and Therm-Omega-Tech, Inc., jointly and severally, for their manufacture and sale of the "4H-R"

PAK type Guru plug which infringes claims 4, 9 and 10 of the '007 patent;

f. Judgment in the amount of $20,318.00 ($9,330.00 plus $10,988.00 prejudgment interest) is entered against Fred L. Pirkle only for his sales of the "MV-1" valve after the issuance of the '007 patent.

3. Judgment is entered in favor of Ogontz on Count II of the Counterclaim in Civil Action No. 90-2430, and Ogontz is hereby declared to be, and to always have been, the sole and exclusive owner of United States Patent No. 4,878,512 (the "'512 patent").

4. Judgment is entered in favor of counterclaim defendants Fred L. Pirkle and Therm-Omega-Tech, Inc. on Counts I and III of the Counterclaim in Civil Action No. 90-2430.

5. Counterclaim defendants will be enjoined in accordance with the Final Injunction Order entered this date.

BY THE COURT:

/s/ Clifford Scott Green
CLIFFORD SCOTT GREEN, S.J.

ENTERED: 5-19-94

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action Nos. 86-3374 and 90-2430

FRED L. PIRKLE and THERM-OMEGA-TECH, INC.

v.

OGONTZ CONTROLS COMPANY and THOMAS M. KENNY

FINAL INJUNCTION ORDER

AND NOW, this 18th day of May, 1994, effective immediately and continuing through and including July 17, 2001, counterclaim defendants are hereby enjoined and restrained as follows:

1. Counterclaim defendants Therm-Omega-Tech, Inc. and Fred L. Pirkle, their owners, subsidiaries, affiliates, officers, employees, agents, successors, assigns, and all persons acting in concert with them, are hereby enjoined and restrained from directly or indirectly making, using or selling, without the authorization of Ogontz Corporation, the "MV-1" freeze protection valve, which has been adjudged to infringe United States Patent No. 4,460,007 (the "'007 patent"), and all colorable imitations thereof; and the original and "4H" Guru Plug Cartridge in the "PAK assembly and the "4H-R" guru plug cartridge alone and/or in the PAK, FL, CH, S, and/or T assemblies, which have been adjudged to infringe the

following claims of the '007 patent, and all colorable imitations thereof:

Claim 4. A valve mechanism comprising:

a valve body with at least two ports and a movable closure element arranged to control flow of a fluid from one of said ports to another of said ports, said closure element being movable along an axis between a first valve position in which flow from one of said ports to the other is shut off and a second valve position in which flow from one of said ports to the other is permitted;

an actuator comprising an actuator body and an actuator element movable in relation to said actuator body;

means, secured to the valve body, providing a latching surface;

stem means slidable along said axis, the stem means being connected to the actuator body and to the closure element whereby the actuator body moves with the closure element;

latch means, carried by the stem means and engageable with the latching surface providing means, for holding the valve element in one of said valve positions; and

means for urging the stem means in a direction to move the valve element toward the other of said valve positions;

said latch means being engaged with the movable actuator element and being responsive to a predetermined movement thereof in relation to the actuator body for disengagement with the latching surface, whereby said urging means can operate to move the valve element toward said other of said valve positions, and

including:

sleeve means secured to the valve body, said sleeve means having an internal passage extending along said axis, and said passage having an internal surface;

and in which:

the actuator element is movable in relation to the actuator body along said axis;

the stem means extends through the sleeve means; and

the latch means comprises [comprises]: an axial passage in

the

stem means, detent means carried by the stem means and held thereby against axial movement with respect to the stem means, and cam means, movable axially within the axial passage of the stem means, for urging the detent means outwardly so that it protrudes to a position in which it is capable of engaging the latching surface, the cam means being movable from a first cam position in which the detent means protrudes to a second position in which the detent means can retract, and having a camming surface for urging the detent means in its protruding direction;

the means providing a latching surface being a step on the internal surface of the sleeve, said step being cooperable with the detent means to prevent movement of the stem means by the urging means in said direction along said axis, said step being of a shape such that movement of the stem means in said one direction causes the detent means to move inwardly when

inward movement is permitted by said cam means and;

means connected to said actuator element and said cam means for moving the cam means from said first cam position to said second cam position in response to movement of the actuator element in one direction, whereby the detent means is moved inwardly by the step means of the sleeve and the stem is moved in said one direction by said urging means causing the closure element to move from one of said first and second valve positions to the other.

Claim 9. A valve mechanism comprising:

a valve body with at least two ports and a movable closure element arranged to control flow of a fluid from one of said ports to another of said ports, said closure element being movable along an axis between a first valve position in which flow from one of said ports to the other is shut off and a second valve position in which flow from one of said ports to the other is permitted;

an actuator comprising an actuator body and an actuator element movable in relation to said actuator body, the actuator being at a location remote from the fluid controlled by the valve mechanism;

means, secured to the valve body, providing a latching surface;

stem means slidable along said axis, the stem means being connected to the actuator body and to the closure element whereby the actuator body moves with the closure element;

latch means, carried by the stem means and engageable with the latching surface providing means, for holding the valve element in one of said valve positions; and

means for urging the stem means in a direction to move the valve element toward the other of said valve positions;

said latch means being engaged with the movable actuator element and being responsive to a predetermined movement thereof in relation to the actuator body for disengagement with the latching surface, whereby said urging means can operate to move the valve element toward said other of said valve positions, and in which the actuator is a temperature-responsive actuator and in which said stem means has a heat-conductive housing surrounding at least a substantial part of the actuator, and said stem means includes means providing a heat-conductive path for conducting heat from fluid within the valve body to said heat-conductive housing.

Claim 10. A valve mechanicsm comprising:

a valve body with at least two ports and a movable closure element arranged to control flow of a fluid from one of said ports to another of said ports, said closure element being movable along an axis between a first valve position in which flow from one of said ports to the other is shut off and a second valve position in which flow from one of said ports to the other is permitted;

an actuator comprising an actuator body and an actuator element movable in relation to said actuator body;

means, secured to the valve body, providing a latching surface;

stem means slidable along said axis, the stem means being connected to the actuator body and to the closure element whereby the actuator body moves with the closure element;

latch means, carried by the stem means and engageable with the latching surface providing means, for holding the valve element in one of said valve positions; and

means for urging the stem means in a direction to move the valve element toward the other of said valve positions;

said latch means being engaged with the movable actuator element and being responsive to a predetermined movement thereof in relation to the actuator body for disengagement with the latching surface, whereby said urging means can operate to move the valve element toward said other of said valve positions, and including:

sleeve means secured to the valve body, said sleeve means having an internal passage extending along said axis, and said passage having an internal surface;

and in which:

the actuator element is movable in relation to the actuator body along said axis;

the stem means extends through the sleeve means; and

the latch means comprises: an axial passage in the stem means, a plurality of radial passages in the stem means, each of said radial passages having a ball detent held therein against axial movement with respect to the stem means, and cam means, movable axially within the axial passage of the stem means, fur urging the ball detents outwardly so that they protrude through their radial passages beyond the exterior of the stem means to positions in which they are capable of engaging the latching surface, the cam means being movable from a first cam position in which the ball detents protrude to a second position in which the ball detents can retract, and having a camming surface for urging the ball detents in their protruding direction;

the means providing a latching surface being a step on the internal surface of the sleeve, said step being cooperable with the ball detents to prevent movement of the stem means by the urging means in said direction along said axis, said step being of a shape such that movement of the stem means in said one direction causes the ball detents to move inwardly when inward movement is permitted by said cam means; and

means connected to said actuator element and said cam means for moving the cam means from said first cam position to said second cam position in response to movement of the actuator element in one direction, whereby the ball detents are moved inwardly by the step means of the sleeve and the stem is moved in said one direction by said urging means causing

the closure element to move from one of said first and second valve positions to the other.

2. In addition, until such time as Ogontz has been fully compensated for all of the damages specified in paragraph 2 of the Civil Judgment entered this date and attached hereto plus any additional postjudgment interest, costs and attorneys fees assessed by the Court, plaintiffs are enjoined from aiding or abetting any other party's making, using or selling any of the devices specified herein, by providing spare parts, testing, repairing, refurbishing, rebuilding, consulting or otherwise.

BY THE COURT:

/s/ Clifford Scott Green
CLIFFORD SCOTT GREEN, S.J.

ENTERED: 5-19-94

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action Nos. 86-3374 and 90-2430

FRED L. PIRKLE and THERM-OMEGA-TECH, INC.

v.

OGONTZ CONTROLS COMPANY and THOMAS M. KENNY

MEMORANDUM

GREEN, S.J. **MAY 18, 1994**

I. Findings of Fact

Two juries have answered interrogatories in the form agreed to by counsel for the parties. The answers to the interrogatories establish that none of the claims of Patent No. 4,460,007 (the " '007 patent") are invalid. The first jury found that Ogontz Controls Company had not committed inequitable conduct upon the Patent and Trademark Office. The first jury also found that Counterclaim Defendants' MV-1 valve infringed the '007 patent and determined the amount of damages to be awarded.

The second jury found that the accused devices infringed certain claims of the '007. More specifically, the second jury determined the following:

1. The original PAK type Guru Plug infringes

claims 4, 9 and 10 of the '007 patent.

2. The 4-H PAK version of the Guru Plug infringes claims 4, 9 and 10 of the '007 patent.

3. The 4H-R cartridge version of the Guru Plug infringes claims 4, 9 and 10 of the '007 patent.

4. The 4H-R PAK version of the Guru Plug infringes claims 4, 9 and 10 of the '007 patent.

There is substantial evidence of record to support the findings of the juries. Accordingly, as requested by Ogontz I find:

1. None of the claims of the '007 patent are invalid.

2. The MV-1 valve infringes the '007 patent.

3. The original PAK type Guru Plug infringes claims 4, 9 and 10 of the '007 patent.

4. The 4H PAK version of the Guru Plug infringes claims 4, 9 and 10 of the '007 patent.

5. The 4H-R cartridge version of the Guru Plug infringes claims 4, 9 and 10 of the '007 patent.

6. The 4H-R cartridge version of the Guru Plug infringes claims 4, 9 and 10 of the '007 patent.

I deny as stated the Request for Findings of Fact submitted by Counterclaim Defendants.

II. Conclusions of Law

In this case, the legal issues have been tried to a jury and the equitable issues have been reserved for the Court. I have heard all of the evidence presented to the juries and conclude that there is substantial evidence to support the findings of the juries. Moreover, I conclude that said findings are not infirm and adopt the findings as the verdict. The Third Circuit Court of Appeals stated in *Roebuck v. Drexel*, 852 F.2d 715 (3d Cir. 1988) the following:

> The Supreme Court has stated quite clearly that where there are "separate and district statutory provision[s]," one of which authorizes legal relief and one which authorize equitable relief, "if a 'legal claim is joined with an equitable claim, the right to jury trial on the legal claim, including all issues common to both claims, remains intact.' " *Tull v. United States*, 481 U.S. 412, 425, 107 S.Ct. 1831, 1839 (1987)...A trial judge should not be allowed to ignore a considered decision of a jury merely because the judge views the issues differently, for otherwise the Seventh Amendment right to a jury trial would be significantly attenuated. *Id.* at 737.

The Third Circuit Court of Appeals in *Andrews v. City of Philadelphia*, 895 F.2d 1469, 1483 (3d Cir. 1990) further held that "in all issues which are common to a claim tried simultaneously to the bench and to a jury, the court is bound by the jury's findings."

The state court has determined that Ogontz is the owner of the '007 patent. Certain accused devices have been found to infringe certain claims. Thus, this is an appropriate case to award injunctive relief. All the prerequisites for injunctive relief have been clearly established. Moreover, a jury has determined that no inequitable conduct was committed in obtaining the patents and the record is devoid of evidence of misuse of the '007 patent by Ogontz. After hearing arguments from Counterclaim Defendants on the issue, I will grant an injunction in the form discussed at said hearing.

BY THE COURT:

/s/ Clifford Scott Green
CLIFFORD SCOTT GREEN, S.J.

ENTERED: 5-19-94

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action Nos. 86-3374 and 90-2430

FRED L. PIRKLE and THERM-OMEGA-TECH, INC.

v.

OGONTZ CONTROLS COMPANY and THOMAS M. KENNY

JUDGMENT

AND NOW, this 7th day of July, 1994, as a supplement to the Civil Judgment dated May 18, 1994 and in accordance with the verdict of the jury upon jury interrogatories, IT IS ORDERED that judgment is entered that the original guru plug cartridge (including the "T", "FL", "S" and "CH" applications) does not infringe claims 1, 2, and 3 of the '007 patent. IT IS FURTHER ORDERED that judgment is entered that the "4-H" cartridge version of the guru plug does not infringe claims 1, 2, and 3 of the '007 patent.

BY THE COURT:

/s/ Clifford Scott Green
CLIFFORD SCOTT GREEN, S.J.

ENTERED: 7-8-94

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action Nos. 86-3374 and 90-2430

FRED L. PIRKLE and THERM-OMEGA-TECH, INC.

v.

OGONTZ CONTROLS COMPANY and THOMAS M. KENNY

ORDER

AND NOW, this 28th day of July, 1994, upon consideration of Counterclaim Defendants' Post-Trial Renewal of their Motion for Judgment as a Matter of Law on the Counterclaim in Civil Action No. 86-3374 or in the Alternative, Motion for New Trial, response thereto, the oral argument thereon, the record including requests for jury instructions, the instructions given to the jury, and the Court's prior rulings on matters of law, IT IS ORDERED that Defendants' motions are DENIED.

BY THE COURT:

/s/ Clifford Scott Green
CLIFFORD SCOTT GREEN, S.J.

ENTERED: 7-28-94

UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action No. 86-3374

FRED L. PIRKLE and THERM-OMEGA-TECH, INC.

v.

OGONTZ CONTROLS COMPANY and THOMAS M. KENNY

MEMORANDUM - ORDER

GREEN, S.J. JULY 8th, 1992

The plaintiffs in this action present a variety of claims, both federal and state. However, the central controversy in the litigation is the question of who, as between plaintiff Fred L. Pirkle ("Pirkle") and defendant Ogontz Controls Company ("Ogontz"), owns the patent rights in or to a certain type of industrial valve manufactured and sold by both of them.

Plaintiff Pirkle, joined by Therm-Omega Tech, Inc., has filed an eight-count complaint against Ogontz and its president, Thomas M. Kenny, Jr., charging them with patent infringement, violations of federal antitrust laws, and the commission of actionable wrongs under the laws of Pennsylvania. The state claims are addressed to this court's pendent jurisdiction.

The defendants have responded to the complaint with an answer containing nine affirmative defenses, including an assertion that Ogontz, not Pirkle, is the owner of the patent rights in issue. As to other of the plaintiffs' counts, the defendants contend that the allegations fail to state claims upon which relief can be granted. Ogontz, on its behalf, included a counterclaim charging Pirkle with patent infringement.

The defendants have filed motions seeking either summary judgment or judgment on the pleadings with respect to the various counts in the plaintiffs' complaint. Defendant Ogontz has also moved for summary judgment on its counterclaim. The plaintiffs, besides responding in opposition to the defendants' motions, have also filed cross-motions for summary judgment as to some of the counts in their complaint.

To resolve the competing motions for summary disposition, consideration must begin with background of the matter, which in this instance, includes a prior and concurrent legal history in another court.

BACKGROUND

For purposes of the present case, it can be said that the relationship between Fred L. Pirkle and the Ogontz Controls Company began in January, 1979, when he took employment with that company. At that time Ogontz was, as it is now, in the business of designing, manufacturing, and selling various types of industrial valves. One of its products in particular, the "Harasewych" valve, was useful for draining the fluid systems of railroad locomotives. Consequently, Ogontz had railroad corporations as customers. Ogontz's Harasewych valve was the subject of

United States Patent No. 4,361,167. Pirkle's first job with Ogontz was as Gulf States Regional Sales Manager, with emphasis on selling the company's railroad valve.

Upon being hired by Ogontz, Pirkle, during his employment, executed an employment contract which included, in substance, the following provisions:

(1) Any and all inventions or improvements which the Employee shall make, during the term of his employment, that are within the Company's business, shall be the exclusive property of the Company.

(2) The Employee agrees to promptly and fully disclose to the Company all such improvements.

(3) The Employee shall assign to the Company all Letters Patent for any inventions made as aforesaid.

(4) The Employee shall not make any use of any information of a technical or secret nature, gained by reason of employment with the Company, relating to any product, process, device, or machine developed or experimented upon by or for the Company.

Shortly after Pirkle began working for Ogontz, he became aware of certain technical and mechanical problems with the company's railroad-locomotive valve. In 1980 he was assigned to work on improvements or modifications to solve the problems, and continued in that task during the fall of 1981-1982.

About October 9, 1982, Pirkle terminated his employment with Ogontz. Two months later, in December 1982, he formed his own corporation, Control Consultants, Inc., through which he soon began to manufacture and sell a snap-acting, locomotive drainage

valve, called the "MV-1." In March of 1983 Pirkle applied to the United States Patent Office for patents covering the device he was producing.

At some point in the spring of 1983, Ogontz became aware of the valve that Pirkle had begun to manufacture and sell to the railroad industry, especially to Conrail, Ogontz's principal customer. When Ogontz examined Pirkle's MV-1 valve, the company concluded that Pirkle had created his valve while employed at Ogontz, and that he had exploited Ogontz's technology and trade secrets in doing so.

In September, 1983, Ogontz commenced an equity action in the Court of Common Pleas of Chester County, Pennsylvania, seeking to enjoin Pirkle from manufacturing or selling the MV-1 valve. Ogontz claimed breach of contract and misappropriation of trade secrets, alleging that Pirkle had conceived, developed and produced the MV-1 pursuant to his contract of employment with Ogontz and during his tenure at that company. Ogontz also alleged that the MV-1 valve, which Pirkle called his property, was, pursuant to the employment contract, the property of Ogontz.

On September 23, 1983, the trial court, after having conducted hearings in the case, entered an adjudication in favor of Ogontz. The court found that the Pirkle valve was an improvement upon Ogontz's valve, and that Pirkle had designed the improvement and constructed a prototype of it while in the employ of Ogontz. The court accordingly concluded that the improvement, the MV-1, was encompassed by Pirkle's employment agreement with the company, and that the mechanism was the property of Ogontz.

As a result of those findings the Common Pleas Court, by an order dated September 29, 1983, entered a preliminary injunction prohibiting Pirkle from using, exploiting, or profiting from the so-called MV-1 snap-acting drainage valve. This order was a continuation of a preliminary injunction the court had granted when Ogontz's suit was first filed.

In response to the order of September 29, 1983, Pirkle took an appeal to the Superior Court of Pennsylvania. On June 8, 1984, the Superior Court entered a judgment vacating the injunction on procedural grounds, and remanding the matter to the trial court so that Pirkle could present further evidence. *Ogontz Controls Co. v. Pirkle*, 329 Pa. Super. 8, 477 A.2d 876 (1984).

During the period of the above mentioned litigation, Ogontz had embarked upon a program of manufacturing and selling its own version of a snap-acting drainage valve, called the "QR". It is also to be noted that on March 27, 1984, shortly before the Superior Court's remand order, Pirkle was issued United States Patent No. 4,438,777. On July 17, 1984, he was also issued Patent No. 4,460,007. Both of those patents relate to Pirkle's MV-1 valve.

Upon remand of the equity action, the Court of Common Pleas scheduled a hearing to allow Pirkle to introduce testimony or any other relevant evidence. However, Pirkle decided not to present any further evidence, and stated that he would rely on the record as then constituted; although, he did advance legal arguments in opposition to Ogontz's case.

On May 9, 1985, the Court of Common Pleas of Chester County reinstated the preliminary injunction against Pirkle, reiterating the findings and conclusions it

had made before. Pirkle took a second appeal to the Superior Court; but on that occasion the decision of the trial court was affirmed, by a judgment dated September 6, 1985. *Ogontz Controls Co. v. Pirkle*, 346 Pa. Super. 253, 499 A.2d 593 (1985). On July 14, 1986, the Pennsylvania Supreme Court denied Pirkle's petition for further review. On October 31, 1988, the Chester County trial court overruled Pirkle's exceptions to its final adjudication, and entered an order making its previous decree nisi a final judgment in the Ogontz-Pirkle matter before it. The Pennsylvania Superior Court, following an appeal thereto by Pirkle, entered a memorandum opinion dated January 16, 1990, affirming the trial court's final judgment. *Ogontz Controls v. Pirkle*, 399 Pa. Super. 654, 573 A.2d 1163 (1990). In affirming, the Superior Court rejected each of the six assignments of error Pirkle had raised in his appeal to that tribunal. After the Superior Court denied reargument, Pirkle next sought review by the Supreme Court of Pennsylvania.[1] The state Supreme Court denied that petition on September 5, 1990. *Ogontz Controls Co. v. Pirkle*, 527 Pa. 648, 593 A.2d 421 (1990). In view of the action by the Supreme Court of Pennsylvania, I entered an order on September 27, 1990, vacating an earlier order and returning this case to the active docket.

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[1] On May 10, 1990, shortly after the Superior Court had denied reargument, Pirkle formally transferred to Ogontz all of his right, title, and interest in United States Patents Nos. 4,438,777 and 4,460,007, in keeping with the mandate of the Chester County court.

THE PRESENT ACTION

Pirkle's complaint in this court, after identifying the parties and the jurisdictional basis for the action, proceeds through a series of "general averments" to eight separate counts for relief against the defendants, Ogontz and Kenny. Defendants move for judgment on the pleadings or in the alternative summary judgment as to all counts of plaintiffs' complaint and as to its counterclaim.

LEGAL DISCUSSION

A. *Defendants' Motion for Summary Judgment as to Plaintiffs' Count I (Patent infringement) and Count VIII (declaratory judgment).*

In Count I of the complaint Pirkle puts forth his claim that defendants Ogontz and Kenny are liable to him for patent infringement. This claim begins with Pirkle's averment that he is the inventor of the MV-1 valve, and emphasizes that he is the recipient of two United States patents, No. 4,438,777 and No. 4,460,007, covering that device. According to Pirkle's complaint he has been, at all times material to this suit, the owner of the two patents. In charging Ogontz and Kenny with patent infringement, Pirkle alleges that Ogontz's "QR" valve is an unlicensed copy of his MV-1, and that the defendants continue to manufacture, sell and repair the QR valve without regard to his patent rights. On his claim of patent infringement Pirkle seeks relief in the form of treble damages, costs, and attorney fees. In Count VIII, Pirkle also prays for the entry of a declaratory judgment that he is the owner of the MV-1, and that defendant Ogontz has

no legal rights in the device or the two patents covering it. Plaintiff has filed a proposed order consenting to the dismissal of Counts I and VIII, without prejudice. Defendants oppose dismissal without prejudice. I will deny entry of the requested consent order.[2]

It is clear that Counts I and VIII of the complaint involve the single question of who, as between plaintiff Pirkle and defendant Ogontz, owns the MV-1 valve and the patent rights regarding it. The defendants assert that the judgment in the state-court action, favorable to Ogontz's claim of ownership, precludes Pirkle from relitigating that issue in the present action. I agree with that position and, consequently, that the defendants are entitled to summary judgment on Counts I and VIII of the plaintiffs' complaint.

Generally, a final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or could have been raised in that action. *See, e.g., Allen v. McCurry*, 449 U.S. 90, 94 (1980).

By force of the federal "full-faith and credit" statute, 28 U.S.C. § 1738, a federal court is required to give the judgment of a state court the same preclusive effect the judgment would have under the law of the state in which the judgment was rendered. *McDonald v. West Branch*, 466 U.S. 284, 287 (1984); *Migra v. Warren City School District Board of Education*, 465 U.S. 75, 80-81 (1984); *Allen v. McCurry, supra*. Accordingly, reference must be had to the law of Pennsylvania to determine the

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[2] I advised counsel at the close of an earlier hearing that I intended to grant summary judgment as to Counts I, IV and VIII.

preclusive effect of the judgment rendered by the state trial court that Ogontz, not Pirkle, was the owner of the MV-1 valve and the patent rights.

Pirkle's instant claim for patent infringement, though not the same as the contractual cause of action litigated in the state court, turns on the issue of who owns the patent rights for the MV-1 valve. Thus, if the judgment rendered by the Court of Common Pleas of Chester County has a preclusive effect under the law of Pennsylvania, then it must be so treated here; and the judgment will defeat Pirkle's instant action for patent infringement and his prayer that this court declare him the owner of the device and the patents involved.

Under the law of Pennsylvania the doctrine of collateral estoppel or issue preclusion applies if five elements are present: (1) the issue decided in the prior case is identical to one presented in the later case; (2) there was a final judgment on the merits; (3) the party against whom the doctrine is asserted was a party or in privity with a party in the prior case; (4) the party or person privy to the party against whom the doctrine is asserted had a full and fair opportunity to litigate the issue in the prior proceeding; and (5) the determination in the prior proceeding was essential to the judgment. *City of Pittsburgh v. Zoning Board of Adjustment*, 522 Pa. 44, 559 A.2d 896 (1989); *see also Schubach v. Silver*, 461 Pa. 366, 336 A.2d 328 (1975); *Pilgrim Food Products Co. v. Filler Products, Inc.*, 393 Pa. 418, 143 A.2d 47 (1958). The fourth requirement, *i.e.*, that the party against whom collateral estoppel is asserted must have had a "full and fair opportunity" to litigate the issue in the earlier case, is also one that federal standards require for giving a prior judgment preclusive effect.

Allen v. McCurry, *supra*, at 95; *see Montana v. United States*, 440 U.S. 147, 153-154 (1979).

The defendants herein, Ogontz and Kenny, argue, of course, that all five of the elements required by Pennsylvania law for application of the doctrine of collateral estoppel are present with regard to the judgment Ogontz obtained in the state trial court. In asserting that the judgment was final, the defendants point to the fact that the judgment was affirmed on the merits by the Superior court of Pennsylvania, and that the State Supreme Court denied further review. The defendants also maintain that, given the number of hearings the common pleas court conducted in the trial of Ogontz's contract action, it must be concluded that Pirkle had numerous opportunities to present evidence and litigate that case on the merits.

The plaintiffs in the instant case dispute that the state judgment can be treated as final. They also contend that in the proceedings before the state trial-court Pirkle was not given a "full and fair opportunity" to litigate the issues of that case. As the basis for both of those arguments, the plaintiffs assert that the judgment rendered by the Court of Common Pleas of Chester County was obtained by fraud or fraud on the court.

The claim of fraud has the following components: The plaintiffs begin with an allegation that prior to the final hearing before the common pleas court, Ogontz represented that it would call as a witness one Norman Cooper, then a company vicepresident, for the purpose of testifying that Pirkle had shown him a prototype of the MV-1 at a time when Pirkle was still in the employ of Ogontz. Apparently, Ogontz decided not to call Cooper

as a witness during the final hearings; however, he had given the indicated testimony at an earlier stage of the case. According to the plaintiffs' fraud argument, Ogontz's failure to call Cooper to the witness stand during the final hearings deprived Pirkle of the opportunity to conduct a final cross-examination of him. The plaintiffs also contend that Pirkle was dissuaded from calling Cooper as his witness because of Ogontz's representation of what Cooper's testimony would have been. Under the plaintiffs' fraud argument, their foregoing assertions relative to Norman Cooper take on a special significance because of a further allegation by the plaintiffs: that Cooper, subsequent to the final adjudication, told Pirkle that had he been called to testify in the final proceedings he would have stated that the prototype device Pirkle had shown him was for a valve other than the MV-1.

In challenging the applicability of collateral estoppel, the instant plaintiffs use their claim of fraud for two purposes, to dispute that the state-court judgment had become final and to argue that they had been denied a "full and fair opportunity" to litigate the issues in the state proceeding. However, with regard to the element of finality, the claim of fraud does not go to that question. When the Pennsylvania Supreme Court denied further review after the Superior Court had affirmed the judgment on the merits, the state proceedings in the Ogontz-Pirkle matter came to an end; and the judgment rendered by the state trial court became final. *Bearoff v. Bearoff Bros., Inc.*, 458 Pa. 494, 327 A.2d 72 (1974); *see Ducruesne Light Co. v. Barasch*, 488 U.S. 299 (1989). As for the claim of fraud itself, the allegations underlying it are all matters that were considered by the state trial-

court and the Superior Court, and rejected by both as being meritless. In the Superior Court's view, Pirkle's attempt to gain relief on the basis of the alleged post-judgment recantation of Norman Cooper was an invalid attempt to impeach a judgment with questionable after-discovered evidence. For those reasons, I reject the claim of fraud presented here.

I further conclude that the state-court judgment discussed herein meets all the requirements to give it the effect of collateral estoppel in the present case. Consequently, that doctrine operates to defeat Counts I and VIII of the plaintiffs' complaint, and entitles the defendants to summary judgment in that regard.

B. *Defendants' Motion for Judgment on the Pleadings or Summary Judgment as to Plaintiffs' Counts II and III (Sherman Act violations).*

In Count II of the complaint Pirkle and Therm-Omega join in asserting that the defendants have violated § 2 of the Sherman Antitrust Act by monopolizing or attempting to monopolize a part of interstate trade or commerce. The central allegation in the count is that Ogontz had a "dominant position within the railroad market for mechanical freeze-protection valves," and was attempting to preserve or enhance that dominance by gaining exclusive control of Pirkle's invention.

To identify the particular overt acts of the defendants by which they allegedly violated § 2 of the Sherman Act, the plaintiffs simply incorporate by reference the conduct alleged in paragraphs 13 through 18 of the general averments of the complaint. Those allegations are that

Ogontz and Kenny "wrongfully engaged in a series of actions for the purpose of appropriating unto themselves the MV-1 invented and owned by Pirkle;" and that those two defendants have "wrongfully and maliciously acted to deprive Pirkle of his property rights in the MV-1 and to prevent the manufacture and sale of the MV-1 by Pirkle so as to maintain Ogontz' dominance in the market." Also included as part of the basis for this antitrust claim are the plaintiffs' allegations that Ogontz and Kenny defamed them commercially, that the defendants tortiously interfered with the plaintiffs' contractual rights and prospective contractual advantages, that the defendants abused the process of the Chester County court to discover the confidential contents of Pirkle's patent applications, and that the defendants are offering for sale a pirated copy of Pirkle's MV-1.

Alleging that they have been directly injured in their business and property as a result of the defendants' acts, the plaintiffs' demand under Count II is for treble damages, costs, and attorney fees.

Count III is also a Sherman Act claim by the plaintiffs against both defendants, but is based on § 1 of that statute. The principal assertion of this count is that plaintiff Therm-Omega and defendant Ogontz are both in the business of repairing and refurbishing freeze-protection locomotive valves, and that Ogontz and Kenny have "acted to restrain trade and commerce" not only with regard to the manufacture and sale of freeze-protection valves, but also as to their repair and refurbishing. For purposes of this count, the plaintiffs incorporate all of the allegations used in the antitrust claim, and add that "[t]he conduct of Ogontz and Kenny . . . is an unlawful and

unreasonable restraint of trade and constitutes a violation of unreasonable restraint of trade and constitutes a violation of Section One of the Sherman Act . . . ."

As to Counts II and III of plaintiff's complaint, defendants move for judgment on the pleadings or in the alternative for summary judgment. The complaint standing alone does not adequately allege the necessary elements for violation of Sections 1 and 2 of the Sherman Act. However, I will deny judgment on the pleadings because the complaint when considered together with the proposed pretrial order submitted by counsel is an adequate pleading of the causes of action.

It is clear that as to both Counts II and III plaintiffs have not offered evidence of unlawful anti-competitive conduct on the part of defendants that caused injury to plaintiffs.

In regard to Count III, the Sherman Act § 1 claim, Pirkle concedes that he cannot prevail on the theory clearly expressed in the complaint that Kenny an employee of Ogontz conspired with Ogontz in restraint of trade. Pirkle recognizes that a corporation generally cannot conspire with its employee. *Tose v. First Pennsylvania Bank*, 648 F.2d 879, 893 (3d Cir. 1981). Pirkle now claims that the thrust of his conspiracy theory is that the Pirkle-Ogontz post-employment agreement "was an illegal combination upon which Ogontz and Kenny relied to restrain trade." Plaintiffs cite to *Bravman v. Bassett Furniture Industries. Inc.*, 552 F.2d 90 (3d Cir.) *cert. denied*, 434 U.S. 823 (1977) as support for this theory. However, *Bravman* offers no support to Pirkle's theory where, as here, plaintiffs offer no evidence of an unlawful anti-competitive use of the employment agreement.

C. *Defendants' Motion for Summary Judgment as to Count IV (wrongful use of civil proceedings).*

In Count IV, Pirkle avers that Ogontz's equity suit in the Court of Common Pleas of Chester County was a wrongful use of civil proceedings. In support of this count Pirkle alleges that Ogontz and Kenny filed the Chester County action without probable cause, in bad faith, and solely to vex Pirkle. Count IV of the complaint alleges a claim under Pennsylvania law for wrongful use of civil procedure. An element of the tort is that the proceeding must finally have ended in plaintiffs' favor.[3] Plaintiffs in their brief in opposition appear to concede that the state court action did not terminate in their favor. However, plaintiffs now argue that the wrongful proceeding was not the entire state court action but only the institution of proceedings for preliminary injunctive relief. Plaintiffs claim that it is significant that the final state order did not include an injunction. Even when that claim is viewed in the light most favorable to plaintiffs it is clear that the preliminary injunction proceeding ended in defendants' favor. During the litigation, plaintiffs were subject to the restraints of the preliminary injunction. Moreover, the final order in state court provided complete relief in favor of Ogontz, and it is of no legal significance that it was styled a decree and not an injunction.

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[3] The common law tort of wrongful use of civil procedure is now codified at 42 Pa. Cons. Stat. Ann. § 8531 (Purdon 1980).

D. *Defendants' Motion for Summary Judgment as to Count V (abuse of process).*

Count V of the complaint charges Ogontz with misusing state court discovery to wrongfully obtain Pirkle's confidential patent application and the use of said material to file its own patent applications which resulted in reissue patent '512 which is the subject of additional litigation in this court in Civil Action 90-2430.

Ogontz argues that the abuse of process claim is time barred by Pennsylvanians applicable two year statute of limitations found at 42 Pa. Cons. Stat. Ann. § 5524. Also, Ogontz argues that the patents which were the subject of the state court litigation rightfully belonged to Ogontz and that ownership in Ogontz has been finally decided by the state court judgment. Pirkle apparently concedes that a claim for use of the material more than 2 years before filing this suit is time barred. However, Pirkle now contends that the alleged "continuing perversion of the process" is not time barred. Defendants are entitled to summary judgment even as to any continuing use of the material because, as found by the state court, ownership of the patents and related information belonged to Ogontz. Moreover, Pirkle was at all times contractually obligated to disclose the same.

E. *Motion for Summary Judgment as to Counts VI and VII (state law defamation and tortious interference with contracts).*

Defendants claim that their communications to others concerning their state court claims of ownership of the patents were truthful and privileged. I cannot decide on

this record that there is not a genuine issue of material fact as to these matters; and, therefore, summary judgment will be denied as to Counts VI and VII.

F. *Defendant-Counterclaimant Ogontz's Motion for Summary Judgment (patent infringement).*

Ogontz, having established its ownership of the patents in question, would be entitled to recover from the plaintiffs for infringement by their marketing of the MV-1. The state court granted extensive remedies to Ogontz including a requirement that Pirkle assign the patents and account for any preassignment profits realized from marketing the MV-1. The record at this time does not contain evidence of post-assignment marketing. I conclude that Ogontz is entitled to a declaration that the plaintiffs' marketing of the MV-1 infringed United States Patents Nos. 4,483,477 and 4,460,007, which are owned by Ogontz. Additional remedies may be applied for by Ogontz.

An appropriate order follows.

ORDER

AND NOW, this 8th day of July, 1992, the following is ORDERED:

1. Defendants' motion for judgment on the pleadings (Docket # 133) is DENIED.

2. Defendants' motion for summary judgment (Docket # 133) is GRANTED and judgment will be entered in favor of defendants as to Counts I, II, III, IV, V and VIII of plaintiffs' complaint. Summary judgment is DENIED as to Counts VI and VII.

3. Defendant-counterclaimant's motion for summary judgment on the counterclaim is GRANTED and a declaration will be entered that defendant-counterclaimant is the owner of United States Patents Nos. 4,483,477 and 4,460,007. It will further be declared that plaintiffs' marketing of the MV-1 valve infringes said patents. Further relief, if any, is DEFERRED pending additional briefing and/or hearing.

4. Plaintiffs' request that the court enter an order consented to by plaintiffs to dismiss without prejudice Counts I and VIII is DENIED.

5. Defendants' motion to strike certain portions of plaintiffs' answer to the amendment to the counterclaim in the nature of affirmative defenses (Docket # 139) is DENIED.

6. Plaintiffs' motion to strike defendants' supplemental submission in support of motion for summary judgment (Docket # 147) is DENIED.

7. As to Counts VI and VII, discovery is reopened until September 21, 1992; on or before September 30, 1992 the parties shall file a joint supplement to the previously filed Proposed Final Pretrial order to reflect events that may have occurred, relevant to Counts VI and VII of the complaint, since the filing of the Proposed Final Pretrial Order. The Deputy Clerk is ORDERED to schedule this matter for trial during October 1992.

8. The counts open for trial are consolidated for discovery and trial with the counts open for trial in Civil Action 90-2430.

BY THE COURT:

/s/ Clifford Scott Green
CLIFFORD SCOTT GREEN, S.J.

ENTERED: 7-9-92

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Civil Action No. 90-2430

FRED L. PIRKLE and THERM-OMEGA-TECH, INC.

v.

OGONTZ CONTROLS COMPANY and THOMAS M. KENNY

MEMORANDUM and ORDER

GREEN, S.J. **JULY 8th, 1992**

Pending before the court are motions, pursuant to Fed. R. Civ. P. 56 (c), for summary judgment of plaintiffs as to Count II of the Complaint and Count II of the Counterclaim and of defendant-counterclaimants as to Counts I, II, and III of the Complaint and Count II of the Counterclaim.[1]

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[1] In Count II of the Complaint, plaintiffs seek a declaratory judgment to the effect that they are the rightful owners of the disputed patent. Count I is a claim of alleged patent infringement on the part of defendants, and Count III encompasses various Pennsylvania state law causes of action, including tortious interference with contract and prospective contractual relations, misappropriation of valuable property rights, disparagement of title, and unfair competition. Count II of the Counterclaim is a request for declaratory judgment of ownership of the '512 patent in defendants' favor.

I. Facts

In dispute in this case is the ownership of a patent issued by the Patent and Trademark office ("PTO") to defendant Ogontz Controls ("Ogontz") as a continuation patent, serial number 4,878,512 ("'512 patent"), of a parent patent, serial number 4,460,007 ("'007 patent"). At the time of the filing of the continuation application, ownership of the '007 patent was already the subject of protracted litigation between the parties in the Pennsylvania state court and in this court in a related case, Civil Action 86-3374.[2]

During the course of the state court litigation, the PTO examiner, rather than risk the possibility of inconsistent judicial determinations on the ownership issue, suspended the prosecution of the continuation application until the state court reached a decision on the ownership of the '007 patent. *See* Defendants' Ex. A-12, Letter of PTO Notifying Ogontz of Suspension of Patent Prosecution, dated 5/29/86. On October 30, 1987, the Court of

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There is also pending a motion by plaintiffs to vacate the court's order staying discovery as to Count III of the Complaint.

[2] A more detailed account of the factual background and procedural history of the litigation between the parties is set forth in a memorandum-order filed today in civil action 86-3374.

Pirkle appealed the lower court's decision, which was subsequently affirmed by the Pennsylvania Superior Court. On March 29, 1990, the State Supreme Court of Pennsylvania denied Pirkle's application for reargument or reconsideration. Thereafter, on May 10, 1990, Pirkle, pursuant to court order, assigned to Ogontz' exclusive and complete ownership rights to the subject matter of the '007 and '777 patents.

Common Pleas of Chester County entered a final decree in favor of Ogontz as owner of the '007 patent. The court held as follows:

> Pirkle, individually and trading as Controls Consulting Company, is hereby ordered and directed to transfer and assign to the Plaintiff . . . all the Defendant's right, title, and interest in and to United States Patents Nos. 4,438,777 and 4,460,007, and to execute all instruments necessary to perfect such transfer and assignment. *Decree nisi*, October 30, 1987, at 4.

After receiving notification of the decision, the PTO examiner allowed the prosecution of the continuation application to proceed, eventually approving it and issuing the '512 patent to Ogontz on November 7, 1989. Plaintiffs initiated this action on April 9, 1990. Defendants answered and counterclaimed thereafter. In the complaint, plaintiffs do not dispute the validity of the '512 patent and its claims. As plaintiffs have acknowledged, the central question before me centers around the parties' competing requests for declaratory judgment as to ownership of the '512 patent. Jurisdiction and venue are proper under 28 U.S.C. §§ 1331, 1338 (a) and 28 U.S.C. §§ 1391 (b), 1400, respectively.

II. Discussion

A. *Standard for Summary Judgment*

Summary judgment is proper, pursuant to Fed. R. Civ. P. 56 (c), where the moving party has established that the evidence of record, even when viewed in the light most

favorable to the non-moving party, reveals that there is no genuine dispute of material fact and that the moving party is entitled to judgment as a matter of law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 574 (1986). The issue before me concerns whether plaintiff has proffered sufficient evidence to raise a dispute of material fact regarding the correctness of the PTO examiner's decision to issue the '512 patent to Ogontz as a continuation of the '007 patent. If I find from the evidence that no reasonable fact-finder could find in favor of plaintiffs, defendants are entitled to judgment as a matter of law. *Id.*, at 247-48. From the record, herein, it is clear that plaintiffs have not carried their burden on summary judgment.

B. *The Parties' Motions for Declaratory Judgment*

Pursuant to 35 U.S.C. § 120, a patent-holder may file a continuation application to a pending application in order to retain certain filing benefits.[3] Ogontz asserts that, as holder of a proprietary interest in the '007 patent, it properly filed a continuation application of the '007 patent, pursuant to 37 C.F.R. § 1.47, which states that a non-inventor who

> shows sufficient proprietary interest in the matter justifying such action, may make application for patent on behalf of and as agent for the inventor on proof of pertinent facts and showing that such

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[3] 35 U.S.C. § 120 dictates four basic requirements for continuation applications: (1) continuity of disclosure, (2) co-pendency of applications, (3) specific reference to the earlier filed application, and (4) filing by an inventor or inventors named in the previously filed application.

> action is necessary to preserve the rights of the parties or to prevent irreparable damage . . . 37 C.F.R. § 1.47; 35 U.S.C. § 118.

Accordingly, to survive defendants' motion for summary judgment on Count II of the Counterclaim, plaintiffs must provide evidence sufficient to allow a reasonable finder of fact to find that title to the '512 patent should reside in Pirkle rather than Ogontz. However, plaintiffs are unable to do so. The state court has entered a final judgment, binding upon plaintiffs by the principles of collateral estoppel. The state court has decreed Ogontz to be the sole owner of the '007 patent. Pursuant to the state court decree, Pirkle assigned all right, title, and interest in and to the '007 patent to Ogontz. Consequently, Ogontz is indisputably the owner of any continuation granted by the PTO.[4]

Plaintiffs claim that they are not collaterally estopped from litigating the ownership of the subject matter of the 1512 patent because the subject matter of the state court action was the '007 patent rather than the '512 patent. However, it is clear that the litigation of the '007 patent included the entire subject matter of the '007 patent, which included all disclosures therein. The continuation patent is necessarily limited to the disclosures of the

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[4] The legal analysis of the state court decree is more fully discussed in a memorandum filed in Civil Action 86-3374. Pursuant to the federal "full-faith and credit" statute, 28 U.S.C. § 1738, federal courts are required to give the prior judgment of a state court the same preclusive effect which the judgment would have under the law of the state in which the decision was rendered. *McDonald v. West Branch*, 466 U.S. 284, 287 (1984).

parent patent.[5] The PTO subsequently determined that the claims of the '512 patent application were within the bounds of the subject matter disclosed in the parent patent. Consequently, there is no factual basis for plaintiffs' claim to ownership of the continuation patent.

Plaintiffs further allege that fraud on defendants' part influenced the PTO examiner to name Ogontz as owner of the '512 patent. The evidence of record, however, does not support this contention. In order to state a cognizable claim of fraud or other inequitable conduct in the patent application context, a party must show both (1) the materiality of the alleged misrepresentation and (2) that the alleged perpetrator of the fraud acted with the intent to deceive. *See Kingsdown Medical Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867 (Fed. Cir. 1988); *Merck & Co. v. Danbury*, 873 F. 2d 1418 (Fed. Cir. 1989).

The sole basis of plaintiffs' assertion that defendants intended to perpetrate a fraud on the PTO is the fact that defendants marked off a box on the continuation

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[5] Continuations have been defined as follows:

> "applications [which are) components of a sequential chain of applications each entitled to the benefit of the filing date of the earliest filed application; the filing date of which becomes the effective date for each subsequent application by the same inventor claiming an invention disclosed in the earliest application. The disclosure in the earliest application must meet . . . all the requirements of the first paragraph of 35 U.S.C.S. S 112 . . . [T]he essential characteristic . . . for a 'continuation' is that all the subject matter claimed in the later case was fully and operatively disclosed in the parent case." Walker on Patents, § § 9:12, at 31-32.

In other words, no continuation claim will be accepted if it would constitute a new matter if inserted into the parent. *In re Shaw*, 202 U.S.P.Q. 285 (Dept. Asst. Comm'r. Pat. 1978).

application indicating that Pirkle had assigned to Ogontz the ownership rights to the subject matter of the application. Defendants do not dispute checking off the box on the application marked "assignment." Defendants claim of ownership, however, is based upon the state court determination that Ogontz is the legal owner of the '007 patent and is in no way grounded in assignment.

Ogontz, through its counsel, made ongoing disclosures to the PTO examiner regarding the scope and nature of the litigation concerning the '007 patent. *See, e.g.*, Defendants' Ex. B-5, Request for Reinstatement of Suspension of Action, dated 6/23/87. Moreover, there is no evidence that the PTO examiner relied on an assignment in determining ownership of the '512 patent. On the contrary, the evidence before me discloses that the PTO examiner delayed the issuance of the '512 patent until the Pennsylvania state court rendered the judicial determination that defendants are the owners of the parent patent and the subject matter disclosed therein, pursuant to an enforceable employment agreement between Pirkle and Ogontz. *See* Defendants' Ex. A-12, Letter of PTO Notifying Ogontz of suspension of Patent Prosecution, dated 5/29/86. Upon notification of the state court decision, the PTO examiner reopened the proceedings for the defendants' continuation application and eventually granted the '512 patent, designating Ogontz as the owner. Clearly, the PTO examiner was not misled. There is insufficient evidence from which a reasonable finder of fact could find that the defendants intended to deceive the PTO examiner or that the PTO examiner had, in fact, been deceived by defendants during the prosecution of the patent. The PTO examiner was

aware of the ownership dispute and properly awaited a final state court judgment on the issue.

C. *Plaintiffs' Claim of Patent Infringement*

Defendants have also moved for summary judgment on Count I of the complaint in which plaintiffs allege that defendants have infringed on Pirkle's ownership rights to the '512 patent. Clearly, as ownership of the patent lies with Ogontz, plaintiffs have no right, interest, or legal title in the '512 patent and, thus, no standing to maintain an action for infringement. *See Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U.S. 24 (1923). Consequently, defendants' motion for summary judgment as to Count I will be granted.

D. *Plaintiffs' Pendent State Law Claims*

Defendants have similarly moved for summary judgment on Count III of the complaint, which involves alleged violations of Pennsylvania state tort law. Although the ownership issue has been resolved in defendants' favor, the record before me regarding plaintiffs' state law allegations of business conduct in violation of state law is incomplete, and genuine disputes of material fact remain to be resolved. I will deny defendants' motion for summary judgment as to Count III.

An appropriate Order follows.

ORDER

And Now, this 8th day of July, 1992, upon consideration of plaintiffs' motion for summary judgment on Count II of the Complaint and defendants' motion for summary judgment on Counts I, II, and III of the complaint and Count II of the counterclaim; the following is hereby Ordered:

1. Plaintiffs' motion for summary judgment as to Count
II of the complaint is DENIED.

2. Defendants' motion for summary judgment as to Count I of the complaint is GRANTED. Judgment will be entered in favor of defendants and against plaintiffs.

3. Plaintiffs' motion for summary judgment as to Count II of the counterclaim is DENIED.

4. Defendants' motion for summary judgment as to Count II of the complaint and Count II of the Counterclaim are GRANTED. Declaratory judgment will be entered in favor of defendants' claim of ownership to all right, title and interest in United States patent 4,878,512.

5. Defendants' motion for summary judgment as to Count III of the Complaint is DENIED.

6. Plaintiffs' motion to vacate the Order staying discovery and reopen discovery as to Count III of the Complaint is GRANTED. Discovery is reopened as to all triable issues until September 21, 1992, and on or before September 30, 1992, the parties shall file a Proposed Final Pretrial Order to reflect events that may have occurred relevant to the open counts, since the filing of the Proposed Pretrial order.

7. The counts open for trial are consolidated for discovery and trial with the counts open for trial in Civil Action 86-3374. Trial to be scheduled during October, 1992.

8. Defendants' motion for a protective order (Docket # 8) is DISMISSED as moot.

9. Plaintiffs' motion to strike defendants' memorandum in support of its motion for summary judgment (Docket # 31) is DENIED.

BY THE COURT:

/s/ Clifford Scott Green
CLIFFORD SCOTT GREEN, S.J.

ENTERED: 7-9-92

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

94-1454

FRED L. PIRKLE and THERM-OMEGA-TECH, INC.,
Plaintiffs-Appellants,

v.

OGONTZ CONTROLS COMPANY and THOMAS M. KENNY,
Defendants-Appellees.

ORDER

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the APPELLANT, and a response thereto having been invited by the court and filed by the APPELLEE, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on May 31, 1995.

Senior Circuit Judge SKELTON would rehear the appeal.

FOR THE COURT,
FRANCIS X. GINDHART, CLERK

Dated: May 24, 1995

By /s/ Diane M. Frye
Diane M. Frye
Chief Deputy Clerk

UNITED STATES CONSTITUTION
AMENDMENT VII

In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

FEDERAL CIRCUIT RULE 36

Rule 36. Entry of Judgment

Judgment of affirmance without opinion. The court may enter a judgment of affirmance without opinion, citing this rule, when it determines that any of the following circumstances exist:

(a) the judgment, decision or order of the trial court appealed from is based on findings that are not clearly erroneous;

(b) the evidence in support of a jury verdict is sufficient;

(c) summary judgment, directed verdict, or judgment on the pleadings is supported by the record;

(d) the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review; or

(e) a judgment or decision has been entered without an error of law;

and an opinion would have no precedential value.